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THIS AMENDMENT:

sed as amended by

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Offered

Withdrawn

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SPITZER PROPOSED AMENDMENT # 2

AZ CORP COMMISSION
DOCUMENT CONTROL

TIME/DATE PREPARED 4:00 p.m./ April 8, 2002

COMPANY:

IN THE MATTER OF INVESTIGATION
INTO US WEST COMMUNICATIONS,
INC.'S COMPLIANCE WITH CERTAIN
WHOLESALE PRICING
REQUIREMENTS FOR UNBUNDLED
NETWORK ELEMENTS AND RESALE
DISCOUNTS

AGENDA ITEM NO. 1

Arizona Corporation Commission

DOCKETED

APR 08 2002

DOCKETED BY

nac

DOCKET NO. T-00000A-00-0194
(PHASE IIA)

OPEN MEETING DATE: April 11, 2002

SUPPLEMENTAL RO&O

P. 3, LINE 20, DELETE LINES 20-24 and INSERT:

"However as Qwest witness Million points out, on January 8, 2001, the United States Court of Appeals for the Eighth Circuit, in Southwestern Bell Telephone Company v. Missouri Public Service Commission, stated that 'it [is] not permissible for [a] PSC 'to set prices based on the forward-looking costs of an idealized network'. Citing its reasoning in Iowa Utils. Bd. v. FCC, the Court stated that '[a]t bottom..., Congress has made it clear that it is the cost of providing actual facilities and equipment that will be used by the competitor (and not some state of the art presently available technology ideally configured but neither deployed by the ILEC nor to be used by the competitor) which must be ascertained and determined.'

We find that the fill factors proposed by the CLECs represent even more than the 'ideal configuration neither deployed by the ILEC nor to be used by the competitor'. Instead, the CLEC fill factors represent an idealization that contradicts actual deployment of DS1 and DS3 architectures and is contrary to the economic principles of 'economies of scale'. TELRIC requires reasonable assumptions about both utilization and architecture deployment that the CLEC proposal fails to meet. According to Qwest witness Million, 'it could be the next century' before DS1 demand reaches the utilization levels postulated by the CLECs. By that time, the architecture will have been increased to ensure economies of scale and the fill factors predicted by the CLECs will still not materialize.

Therefore we adopt the fill factors proposed by Qwest, which vary with the type of architecture involved and range from 37% to 100%."

P. 4, LINE 17, DELETE "their" and INSERT "the CLECs"

P. 4. LINE 17, DELETE REMAINDER OF PARAGRAPH FOLLOWING "expense factors,"
and INSERT "we therefore adopt a statewide average DS1 loop rate of \$__ and a DS3 statewide
average rate of \$__."
